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East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2339



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IMPORTANCE OF MANAGEMENT FOR SET OF MEASURES DISCUSSED

Prague NOVA MYSL in Czech No 9, 1982 pp 74-85

[Article by Docent Dr Vlastimil Chladek, CSc, Law Department, J. E. Purkyne University: "Efficient Management of the Economy and the Problem of Risks"]

[Text] The 16th CPCZ Congress confirmed and further developed the strategic policy for building a developed socialist society in our country. An integral part of this policy is to place the economy on a course of intensive development. The congress documents stressed two conditions: 1) intensification of the production process is the basic condition for the economic and social development of our society; 2) the means for achieving intensive operation of our economy also include changes in management as presented in the Set of Measures for Improving the Planned Management of the National Economy after 1980.

A premise for and constituent part of intensive development is more effective operation of the economic system providing for more efficient utilization and assessment of material, valuable and human resources. This challenging change depends above all on the degree to which objective and subjective conditions of the production process are coordinated in all its phases. So it depends on the level of management of the national economy. The area of management can properly be regarded as a potential strength for intensifying and raising the efficiency of our economy. "We perceive in unsatisfactory standards of management...the reason for many shortcomings which weaken the results of our work."¹

The best system of management, however, does not work automatically and spontaneously on the basis of natural law. Partly because management, as a subjective activity, is carried out through negotiation and partly because no system of management can ever fully coordinate all the interests of differing economic entities. The selection of a suitable mechanism of management that will put the economy on a course of intensive development and above all effectively implement the system of management depends on active participation of the human factor. This was convincingly demonstrated by experience so far in implementing the Set of Measures. Experience has confirmed the previously expressed assumption that the effectiveness of the measures depends on their differentiated but consistent application at VHJs [economic production units], enterprises and working collectives as well as by every individual.

"At most economic organizations we have not yet succeeded in formulating the principles comprehensively and fully implementing them at the enterprises, plants and individual worksites and thereby making it possible for them to be fully effective."² Management personnel as well as those managed must understand the intent of the Set of Measures and its value to society and to themselves, they must know how the measures for improving management will be reflected in their work and in their rewards for work and persuade workers to bring about changes in the management and operation of the economy because without their active participation the most perfect system of management will fail. For this reason demands for specific political-organizational and efficient ideological work are being pressed at this time. An essential role in this process is held by both party and trade union organizations and bodies as well as managers of the economy.

Attributes of active roles of entities in the management process include decisionmaking, responsibility and risk. Decisionmaking by the individual or collective is a conscious process by which the managing entity, exercising its authority and responsibility, influences the object of management. Decisionmaking also depends on the resolution of management personnel. The degree of resolution also depends partly on qualifications, including ability and skill to orient oneself in a situation, and partly on the will and readiness to make decisions and assume the responsibility for one's decision. It also depends on the scope allowed managers for decisionmaking. This is adequate with us; the problem is that in many cases it is not sufficiently exercised personally. Top party organs point out the deficiencies in this area: "We also have managers...who waiver before responsibility and look for more convenient, risk-free ways, who are not able to lead the collectives under them in a way that corresponds to the possibilities and needs of society."³

An integral part of decisionmaking is responsibility for the decision taken, meaning political, moral and legal responsibility. By responsibility, we mean the necessity to live with the consequences of one's conduct and actions both in their positive and negative aspects. So we come to the concept of risk, by which we do not mean only the possibility of incurring losses or damage nor simply uncertainty in time, but rather we understand it as a part of responsibility emanating from an irrevocable choice among alternatives in specific management processes having diverse but often also contradictory consequences. There is not only the risk of unfavorable consequences for the subject under decision but above all the risk of sanctions against the managing party who made the decision if the decision was in error.

The question as to whether decisionmaking by management personnel under circumstances of programmed regulation of the production process in building a developed socialist society contains an inherent risk factor, whether unavoidable or incidental, is legitimate and has a strong ideological-political connotation. The question can also be formulated thus--can the movement toward planned management of the economy exclude risk from the decisionmaking process or is risk an integral part of management at a given stage of society's development.

Even though in a developed socialist society decisionmaking processes lose any irrational or chance motives, we feel that finding an alternative solution which under given specific conditions and allowing for all circumstances and

contractictory factors is the most suitable in a socially responsible and risky action. As a rule, the optimal variant solution is sought, one which can bring about maximum efficiency (output) with minimal resources and is most useful in respect to quality.⁴

If the decisionmaking does not properly allow for current economic phenomena and natural developments, inevitably conflicts will appear in the economy which will increase and have a negative, cumulative effect. The reasons for incorrect decisions can vary. Among them might be inadequate qualifications, incomplete knowledge of circumstances and a superficial analysis of facts, or errors, external influences or the effects of other factors.

The necessity of increasing responsibility in decisionmaking and managing the economy at all levels is especially urgent in connection with implementation of the improved system of management of the national economy which, to be sure, does not represent the definitive and ultimate management plan. The existing system of management must be improved by increasing responsibility at all levels of management, by working collectives and by individuals. The new measures are supposed to consolidate operation of the plan, the role of the socialist state and its managing bodies in the national economy, strengthen the influence of material and morale-raising stimuli and increase authority, responsibility and the level of decisionmaking by supervisors. "Supervisors...must carry full responsibility for meeting the goals of the units they manage, for promoting the interests of society at large and they must not avoid controversial situations in decisionmaking."⁵ The improved system will produce more challenging conditions for decisionmaking by supervisors. Whereas in the past decisionmaking by supervisors, especially in the kholzraschet area, was limited by time-restricted horizons of a single year and chiefly by quantitative indicators which stimulated extensive growth, under current conditions there is more room for decisionmaking by supervisors, even while strengthening central planning. Decisionmaking depends, above all, on quality indicators which mobilize more intensive sources of growth. The new conditions which allow more scope for decisionmaking and also increase the responsibility of supervisors will, however, in no case bring about the elimination of the risk factor connected with decisionmaking. Next in this account, in the interests of accuracy, we will separate the problem of risk in decisionmaking in the macrosphere from that in the microsphere.

Management of macroeconomic processes, by which we mean the national economic level, means selection and decisionmaking with societywide and long-term effects which include setting the pace and gradual objectives of development in the branch structure of the national economy, performance of the economy and many other relationships on a statewide and interstate scale. Among the main objectives of decisionmaking on the national economic level are a number of political-economic circumstances and relationships.

--The central bodies determine the strategy of the economic and social development of society. It is important to set gradual objectives and the main directions of development, including prescribing ways and means that will enable the goals to be met. In determining the economic strategy, decisionmaking must take into account the effect of natural and economic conditions and also a number of noneconomic factors on the national and international scale.

--Selection of a suitable mechanism for operation of the economy and the combination of instruments for direct and indirect economic management are of basic importance. This means selection of a system of indicators which would effectively regulate the kholzraschet area to make economic use of resources while producing the greatest benefits. The center determines the "climate" which is suitable for attainment of socially desirable results for production enterprises and the other way around.

--A supreme concern of the center is determining the rate of consumption and rate of accumulation for use of the national income. This "golden mean" determines the level of consumption, defensibility and the dynamism of economic growth, etc.

--To centralized decisionmaking of long-term scope belongs the selection of types of technical advances which entail differing productivity of social work and differing demands on the size and qualification of the labor force. This calls for comparing various techniques and technologies or alternative methods of producing a given product. These decisions have a basic effect on the relative efficiency of investments. At the same time, decisions are made between alternatives of investment with immediate but lower effect and alternatives with more definite beneficial effects but with substantial time delays. In addition, there is the choice between production programs which, on the one hand, require more capital but save on operations or, on the other hand, require less capital but cost more to operate.

--The center makes decisions concerning selection of investments and the scope of production programs influencing the country's foreign trade balance both in the area of stimulating exports and the area of import substitutes.

--The center determines the wage level and wage relations while maintaining the social and economic function of wages.

--Finally, it is the objective of decisionmaking to determine price levels and cost relationships while recognizing the relations between the economic and social function of prices. The center determines the level of wholesale prices which produces the replacement space for production enterprises and also the retail price level. The center also determines the system of preferential pricing which affects the structure of production and technical innovations of products.

In addition to those indicated here, there are other conditions that are the object of decisionmaking by top political-economic bodies. Management of the national economy as a whole, as well as its parts, entails, by the very nature of decisionmaking, an element of risk which can never be absolutely excluded in view of the complexity of problems, the many alternative ways and means which lead to set goals and in view of the effects of other influences that are hard to foresee.

On the national economic level, the risk of faulty decisions having unfavorable social consequences is reduced, partly because of the realistic goals of socioeconomic development and thus limited in subjectivism, and partly by the development of potential strength and further neutralization of unfavorable internal and external influences.

The Set of Measures for Improving Management of the National Economy formulates specific ways to reduce risk in decisionmaking with socially undesirable consequences. At the present stage, they strengthen goal-oriented program procedures, provide more long-term knowledge of society's needs and the resultant lengthening of the time horizon and further balancing out and execution of the plan. Thus the key is, above all, to take a scientific approach in the phase of preparing the national economic plan which will substantially reduce the degree of chance or improvised decisions.

In the microsphere, by which we mean the khozraschet area of the economy, one would expect that the degree of risk in decisionmaking drops in proportion to the extent of effectiveness of decisions made by particular management entities. But experience has not confirmed this assumption. It is inaccurate, in the first place, because as a result of growing production specialization and the intensified division of labor in society, the economic integration of production enterprises is intensified and decisions within the confines of an enterprise have, as a rule, societywide impact; in the second place, because the enterprise sphere is the point of intersection for often conflicting interests of economic entities. They are partly societywide interests and partly sectional interests which are at least three-dimensional. It can be, first, a matter of diversity of interests of the individual enterprise collectives or the specific interests of groups of workers and, finally, the interests of individuals. Even though the existence of social ownership of production facilities is the basis of the economic equality of workers, at the same time it produces areas of disharmony of interests. Society provides for the satisfaction of everyone's general common interests. It cannot provide for all the diverse needs and interests of individuals which depend on personal disposition, chance situations, styles and other influences. Society cannot recognize the diverse preferential scale of values of every person. At the same time, one cannot exclude the emergence of inappropriate and unjustified claims of individuals or groups of inhabitants which society must eliminate.

In this diversity of interests one can perceive the basic determinant of riskiness in the decisionmaking process in the enterprise sphere. If these interests are not conscientiously reconciled, their conflicting influence may become very intense, with consequent grave complications and imbalances in the production process. Conflicts of interest depend on the level of development and maturity of the economy and may be described briefly as follows.

1. Development of the production forces in our society is still relatively low and the wealth of a society depends on the amount of work which the society can offer. Under these conditions, it is naturally necessary to reward members of society according to their work and not according to their needs. As the result of material conditions, work has not yet become the chief necessity of life. Based on the fact that work under socialism is primarily an economic necessity and the basic means of gaining a livelihood, it follows that the chief incentive to work is the monetary interest of workers in the results of their work. Under these circumstances, however, one cannot exclude the possibility that an individual or a group of producers,

not excepting an enterprise, might obtain from society more than they give it. One cannot exclude the possibility that they satisfy their needs at the expense of society or some other group of producers or even another production enterprise.

2. Another source of conflict of interests is inherent in the degree of development of social ownership of production facilities. Universal socialist ownership of production facilities, totally eliminating private capitalist economic independence of individual enterprises, is national in scope and thus societywide but at the same time is structured internally. The structure of national socialist ownership of production facilities is based on the great extent of production facilities, the complex branch structure of the national economy and a certain industrial-technological optimum which underlies the degree of concentration of production and its organizational separation into enterprises of certain kinds and sizes. Industrial production (but not it alone) is thus divided into specific, relatively closed units in the technological, organizationally legal and economic sense, and these are the national enterprises. The socialist state entrusts the enterprise collectives with production and, in part, even proprietary functions. The economic separation of the enterprises, however, does not exclude pursuit of their interests even by antisocial means, for example, by taking advantage of certain imbalances in consumer-supplier relations.

The origins of these conflicting interests are thus found in the degree of development of the socialist economy, both its technical and its socioeconomic aspects. They have a material base and so are objective in nature. Any antisocial decision by management bodies in the khozraschet area thus have a real economic base. Overcoming the contradictions and conflicts of material interests depends on the gradual development of the economy and on changes in material conditions on which decisionmaking is based. The positive role of both educational and sanctionary factors should in no case be underestimated.

Conflicts of interest of an objective nature in the economic sphere cannot be handled and resolved only administratively, that is, by direct orders along the management axis in the direction of the center--the intermediate level--the enterprise. Monopolization of all conditions of the production process would lead the enterprises to lose all interest in development and improvement of production and the enterprise collectives would gradually become passive. Any measures taken to protect societywide interests would change to the opposite.

Nor, on the other hand, can the above-mentioned conflicts be resolved by giving the enterprises themselves the right to set the conditions of replacement and execution of production. Neither the enterprise nor the enterprise collective can be a full-fledged owner of the production facilities and the products produced. It cannot operate only on the basis of generally established regulations exclusively on its own responsibility and for its own interests. Proprietary and production independence of an enterprise would mean sovereign choice of the production program, that is, the volume, assortment and quality of products; it would mean, further, appropriation

of the product produced, including overproduction by the enterprise, and it would also mean determination of sales prices. This would lead to actual elimination of public ownership of production facilities and the negation of societywide interests. Management from the center cannot be endorsed but neither can economic independence of the enterprise sphere from the state. The existence of universal ownership of production facilities is an impassable barrier. Overstepping this boundary would inevitably lead to rightist revisionism in theory and attempts to eliminate the economic basis of socialism in practice.

That is it is essential to have a relative economic independence for enterprises in the kholzraschet area which entails, on the one hand, subordination of the enterprise to higher state bodies and, on the other hand, decisionmaking independence by enterprises. Relative economic independence of enterprises is seen in the fact that circulation and turnover of capital take place within the framework of enterprise production processes and also that enterprises pay for production costs incurred not from public resources but from funds which they obtained from the sale of their own production and, finally, that relations between enterprises are based on buying and selling. Production assets and other production conditions are assigned to the administration of national production enterprises which acts as a legally independent entity. It is not autonomous, however, in the sense of being independent of the state. The degree of autonomy and subordination is the key factor. This degree is determined by the center, partly by legal regulation and partly by directives and economic indicators. There is, too, the accountability of managers in the kholzraschet area to central agencies and also the various ways that party and trade union bodies in the enterprises exercise their right to supervise economic activity and thus also supervisory technical-managerial employees.

Minimizing the risk factor in decisions made in the kholzraschet area depends mainly on measures of the center as well as issuance to subordinate enterprises of binding directive orders and partly by setting limited conditions within which the enterprises may make independent decisions. Experience shows that the delineation of these conditions is among the most sensitive areas in the operating mechanism of the socialist economy. On them mainly depends the extent to which the interests of society and the enterprise can be coordinated and whether the economic system will function efficiently and without losses.

The Set of Measures to Improve Management of the National Economy will certainly produce more favorable conditions for decisionmaking by managers in the kholzraschet area. It limits the area of decisionmaking in which sectional and short-term interests are given preference over societywide and long-term interests. On the other hand, conditions for independent decisionmaking by managers in the kholzraschet area are more favorable when closely connected with the national economic plan. The area for independent decisionmaking is broadened in the following connections.

--The time horizon is extended for decisionmaking by managers for the entire 5-year plan, which creates opportunities for making optimal use of resources and assets. Counterplanning is established.

--Intensification of khozraschet is achieved on the VHJ and enterprise levels. Khozraschet operates best in the area of financial management, costs and credit relations with the objective of raising the efficiency of the replacement process with special regard to replacement of working capital and to external economic relations and in the area of personal, collective and enterprise monetary incentives. The incentive system is closely linked to the indicators of efficiency, quality and actual labor input of the particular working collectives. Budgetary funds and monetary incentive funds are produced on the basis of long-term norms contingent on fulfillment of the main qualitative indicators of the plan.

Experience so far in implementing the Set of Measures, however, shows, in addition to definitely positive results, also serious unresolved problems. Even though technological progress and innovations in production and products are considered key factors in intensification of the economy, there still persists a tilt toward conservatism and clinging to existing but obsolete technologies. The reason is not only lack of spirit by managers and unfamiliarity with specialized information, but also the absence of effective, comprehensive stimulants for technical development in the current system of management.⁶

The advocacy and implementation of the principle of merit and differentiation in compensation is more consistent than before. "Compensation for work must be as closely linked as possible with increased labor productivity, efficiency, conservation and high-quality production. Egalitarian tendencies and various false 'social' practices in matters of compensation must be resolutely overcome."⁷ Views about and criteria for creating special compensation funds are becoming stricter. They are turning to the formation of a basic wage fund sharing four-fifths of the total wage according to adjusted value added. The incentive wage component, sharing one-fifth of the total wage, depends on the return of production assets. If an assignment is not carried out, a progressive monetary penalty is imposed. Implementation of the incentive system thus has a stimulating aspect as well as a penalty aspect. Economic incentives are more effectively associated with material accountability. Experience up to now in the area of compensation, however, is not distinctly positive. Even though opportunities for more systematic compensation arose in connection with specific results of human labor and for economical expenditure of generated labor, this possibility has not been fully realized. The reason is largely subjective. There is a reluctance by supervisors to differentiate in compensating subordinate employees strictly according to merit. As stated at the fourth and fifth plenums of the CPCZ Central Committee in 1982, the tendency persists toward equalizing pay without controversy, a tendency which is essentially antisocialist. It distorts the production process and in particular immobilizes any active effects on production of distinctive processes.

The amount of internal resources of VHJs and enterprises continues to increase, as does dependence of investment development on these internal resources. Allotments and appropriations from national resources are, conversely, becoming minimal. Net production is gaining the dominant position for the formation of resources but so is both the degree of utilization of production

factors and technical progress and quality of products. More difficult conditions impede fulfillment and overfulfillment of planned production quotas, by fictitiously raising material consumption, developing production, inefficient interenterprise cooperation or production of low technological standards and poor product selection. In this area, too, there are some problems. In spite of the improving conditions, enterprises for the most part do not make use of advantageous opportunities to adopt the higher counterplan negotiated and supported by worker collectives to which the particular khorraschet unit gives preferential treatment. Caution and temporizing have so far greatly reduced motivation.

In more difficult settings, the khorraschet organizations increase their concern about economical utilization and expenditure of resources and getting better value out of them. The mutual link between the creation and use of resources is strengthened. At the same time, the improved system prevents enterprises from transferring the consequences of the working of economic instruments to other enterprises, the state or to consumers.

These measures unquestionably provide greater scope for efficient decision-making. If an irrational decision is made there inevitably follows an unfavorable actual economic decline effecting the organization as a whole and particularly the responsible managing and decisionmaking parties. This undoubtedly leads to a more effective barrier against making faulty decisions entailing undesirable and undue risk.

Experience gained up to now from implementation of the Set of Measures, though limited in time, shows that it is not a matter of "movement without obstructions along a smooth road with one-way traffic." One cannot underestimate the stubborn and persistent carryover of inertia, old routines, cautiousness and deep-rooted habits of thinking and acting among many management workers. Introducing the Set of Measures is a conflicting process, a struggle between the new and the old which permeates not only the economy, but the political and ideological arena and the legal infrastructure as well.

Risk as part of the decisionmaking process thus has a real, material base and objective character. It is part of decisionmaking and management in the macrosphere and microsphere. It is an attribute of decisionmaking in cases where the decisionmaking party is an individual invested with the requisite authority and responsibility. The same applies if the decisionmaking entity is a collective body. The degree of risk in decisionmaking increases with the accumulation of risk factors in extreme and unusual situations.

Attempts to eliminate risk in the decisionmaking process would not only be unrealistic but also economically unprofitable. After all, decisionmaking and risk are two sides of the same coin. Not even the Set of Measures for improving management of the national economy assumes that risk can be excluded. Its purpose is to set up conditions for independent decisionmaking by management which are consistent with both the interests of society at large and also the interests of the enterprise. On the other hand, however, it is important to eliminate any undesirable and undue risks. Their destructive effect can be limited if managers and their staffs identify the places where

possible risks lie, assess the risk factors and, on the basis of experience, work them in as a variable factor in their decisions. Undesirable risk and an excessive degree of risk may be reduced by the effect of a number of factors. These factors may be classified as follows:

1. The basic condition is long-term stability in the operation of the socioeconomic system without sudden upheavals and unexpected changes. This also depends on long-term conceptual clarification of the development of the national economy. Under conditions of long-term stable economic growth, the probability of risky decisions with negative consequences is slight. Under such conditions, every kholzraschet unit in the national economic complex has a firm place. On the other hand, under conditions of stagnation, breakdowns and imbalances, the risk factor in problematic and faulty decisions is considerable. Included here are also external or international political and economic circumstances. Sudden and unexpected changes in these conditions act like strong, risk-producing factors.
2. There is also the selection of an optimal mechanism for managing the economy and its gradual improvement in connection with development of the economy itself. On a societywide scale, it involves a suitable range of directive orders from the center to the kholzraschet area and also economic incentives determined by the center and a proper combination of these. Operation of the economy and decisionmaking by management are unfavorably affected both by rapid changes in the mechanism of management which shake up the whole system and any stiff reluctance to improve the system of management. It is essential to build a stable but flexible mechanism of management, one that must be able to react effectively and promptly to stimuli hard to foresee and to act on them with instruments that can note, analyze and moderate the unfavorable effects of risk-producing factors. An important step toward the formation of such a mechanism was taken by the Set of Measures for Improving the Management of the National Economy.
3. Risk in decisionmaking also has a gnosiological aspect. This is a degree of knowledge of objective economic reality, conditions and developing tendencies, that is, the natural law of movement at a given level of development of productive forces and production relations. It is necessary to have the required amount of information available and also the mechanism enabling this information to be properly and duly processed, evaluated and put to use. We are not able to determine with absolute certainty the specific consequences of every decision. After all, systematic planning contains within itself some haphazard elements just as knowledge also includes ignorance. Specific results are as a rule the sum total of the operation of many opposing forces and influences.
4. The administrative organizational element is vitally important in eliminating undue risks in decisionmaking. This means clear-cut delineation of tasks, duties and responsibilities, on the one hand, and the authority and jurisdiction vested in management personnel, on the other. "The essence of organizational questions consists simply in having everyone carry out the tasks entrusted to him, having the necessary rights to do so and bearing full responsibility for them within this framework. This elementary, everyday rule is also the most common basis for the science and practice of management."⁸

The lack of jurisdictional boundaries gives rise to conditions allowing escape from decisionmaking and shifting decisions to other bodies. It is necessary to see that authority and responsibility in VHJs and subordinate enterprises are firmly established in the statutes of the respective organizations.⁹

5. Another important factor in the elimination of faulty decisions is the qualification of management personnel. We understand qualification to mean uniformity of political and specialized knowledge and experience and also ethically independent qualities. A manager must know not only how to make decisions but must also be able to determine and resolve conflicting situations and disputes. "No system can operate automatically. That is why there is no substitute for the role of direct management, the role of responsible and stimulative activity of supervisors and systematic improvement in the methods, style and organization of management work.... New tasks can be mastered only by that supervisor whose political maturity is combined with high expertise and performance and who is well oriented in the technology and knowledge of global developments in his field. We urgently need managers to display more flexibility, a healthy spirit of enterprise and who dare to take justified risks."¹⁰ The willingness of management personnel not to avoid conflicting situations, not to put off resolving controversial problems nor to shift the burden of decisionmaking onto subordinate employees or ask superior bodies to make decisions--all this is more than just ethically independent qualities essential for managers. The problem also has a historical-economic aspect. The habit of "buckpassing" developed under earlier conditions of largely administrative methods of management where fertile soil made for passive waiting for orders and shifting responsibility on others. The improved system of management of the national economy will certainly produce the economic and administratively proper conditions for responsible and highly qualified decisionmaking, with inevitable risk factors, by management personnel on all levels.

FOOTNOTES

1. 16th CPCZ Congress, Prague, Svoboda 1981, p 103
2. Strougal, L.: Zprava vlady CSSR o plneni jejich programoveho prohlasceni [Report of the CSSR Government on Fulfillment of Its Program Pronouncement] RUDE PRAVO, 31-3-1982, p 3
3. Strougal, L.: Za dalsi uspesny rozvoj ceskoslovenskeho hospodarstvi [For Further Successful Development of the Czechoslovak Economy] RUDE PRAVO, 17-3-1980, p 4
4. Experience so far, however, shows that making decisions on the basis of variant alternative solutions is far from being a prevailing practice here so far.
5. Ke zdokonaleni planoviteho rizeni narodniho hospodarstvi [For Improving the Planned Management of the National Economy] Prague, Svoboda 1980, p 73

6. Current sectional stimuli for technical advances are undoubtedly of little effect. Among them are profits, indicator of net production, indicator of returns on production funds and financing part of the investment by the development fund. (See Strougal, L.: Zprava vlady o plnenej jejich programoveho prohlasceni [Government Report on Fulfillment of Its Program Pronouncement] RUDE PRAVO, 31-3-1982, p 3)
7. 16th CPCZ Congress, Prague, Svoboda 1981, p 33
8. 25th CPSU Congress. Prague, Svoboda 1977, p 56
9. Current legislation, especially in the area of economic, financial and labor law is not yet fully consistent with the Set of Measures to Improve Management of the National Economy. This also applies to internal directives and regulations issued by individual ministries.
10. 16th CPCZ Congress, Prague, Svoboda 1981, p 105

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CSO: 2400/7

WAGE COMPLEXITY CRITICIZED, LABOR SAVINGS URGED

Prague HOSPODARSKE NOVINY in Czech 10 Sep 82 pp 1, 5

[Article by Dr Emilian Hamernik, minister of labor and social affairs of the CSR: "We Must Better Economize with People"]

[Text] As the basic policy of management, the Seventh 5-Year Plan for national economic development in 1981-1985 outlined the methods for the achievement of objectives in the economic and social development stipulated by the 16th CPCZ Congress; at the same time, its fundamental, long-range strategy involves intensification, higher efficiency and quality of all labor. Naturally, the requirement of intensification also applies to labor value added. Therefore, the future development of the production will depend on higher productivity of labor as well as on better management of work forces.

We shall also demand good management of labor value added in the nonproduction sphere. This is necessary also because the fundamental change which is taking place in the balance of sources and utilization of work forces during the Seventh 5-Year Plan, as compared with the preceding 5-year plan, stems from the fact that in the Sixth 5-Year Plan employment in the socialist sector of the national economy in the CSR increased by a total of 160,000 persons, while scarcely 50 percent of that growth is envisaged for the period of the Seventh 5-Year Plan. Annual increments will be in the range from 14,000 to 18,000 persons; for example, an increase of no more than 15,000 persons is planned for 1983.

Over the next 3 years, the most conspicuous increase in the numbers of workers on the territory of the CSSR is planned for the fuel and energy base. Moreover, the area of services will be consolidated. The envisaged increase in employment in the economy managed by national committees is more than 12,000 persons and 75 percent of this increment will be in education and in the health system. Also, further consolidation of trade is envisaged. The number of employees will slightly decline in industry in the CSR and in the construction industry. Employment in construction production will stagnate due to the volume of capital investment. Wage development has been adjusted according to the development of basic economic indicators. In conjunction with the growth of national income, the adopted variant which calls for a slower growth of cash incomes of the population is intended to help balance

the income of the population with the supplies of goods in our domestic market.

Percentage for Percentage

Fulfillment of demanding tasks of the Seventh 5-Year Plan and particularly the transition to intensified economy call for gradual and conscientious implementation of the Set of Measures. From 1982 to the end of the Seventh 5-Year Plan, the economic mechanism which will be advanced will offer advantageous economic incentives to those organizations which meet their planned tasks with fewer employees. Within a limited volume of wages payable, organizations may increase average wages in 1982 by 1 percent for every 1 percent of absolute savings of work forces. The task here is to reward workers according to the amount and quality of their work, to keep the growth of labor productivity and the growth of wages in proper balance, and to reduce the work forces. As for the growth potential of average wages, however, it should be added that payment of planned wages is not guaranteed where the appropriate amount of good-quality work has not been delivered and where labor productivity has not improved.

The possible development of wages and the development of employment have been brought closer together by reducing the obligatory numbers of employees in the state plan. In agreement with appropriate regional national committees, organizations may also plan higher numbers of workers than stipulated in the specifications by subordinate authorities. Of course, this procedure is possible only with the planned volume of wages payable, i.e., in effect to the detriment of the growth of average wages. In its decision on the Seventh 5-Year Plan the CSSR Government explicitly stipulated that any potential reduction of the level of average wages and the changes of their interbranch quotas which might result from hiring more workers than estimated in the 5-year plan, will not be compensated in the ministries by subsequent adjustments in wage policies and by grants from social resources and unused funds.

Nothing to Blame

The required development of wages will, therefore, depend far more than in the past on the way individual organizations manage to save labor value added, on the employment policies they choose, and on the growth of their labor productivity. This means in effect enforcement and organization of implementation counterplanning and all procedures in the economy of labor so that, in harmony with the adjustments of the principles regulating labor forces and wages, those enterprises, labor teams and workers who help most raise labor productivity and save labor forces receive higher income. Today we cannot permit any excuses that this cannot be done because of administrative restrictions of the growth of average wages, mandatory ceilings regulating the number of employees or the undefined guidelines for rewards to be accorded for achieved savings.

Nevertheless, this year the experience with counterplanning has shown that economic organizations failed to put to full advantage the auspicious changes

in the effect of the economic mechanism so as to reduce systematically their work forces and to accelerate the dynamism of average wages. Thus, they failed to meet the political economic objective envisaged by organizational application of the plan for 1982 and by the joint procedure of the presidium of the CSR Government and of the presidium of the Czech Trade Union Council for the fulfillment and control of the implementation of the plan and collective contracts in 1982.

Some effect of counterplanning was reflected in the growth of volume indicators (adjusted value added and the amount of wages payable). Adjusted value added in counterplanning increased about 1 percent above the specification of the state plan and this increase was partially covered by a higher number of workers, so that in certain instances the dynamism of labor productivity declined and the slight increase in the volume of wages payable did not promote faster growth of average wages. The partial effect of counterplanning was not caused largely by the initiative of organizations themselves but was affected mainly by more progressive specifications of tasks on the level of branch ministries. Absolute reductions in the numbers of workers, which organizations in isolated cases reported in counterplanning, were due mostly to the fact that regional national committees failed to confirm to organizations the required total number of employees or the organizations failed to meet their plan of employment.

In order to encourage intensified management of work forces, the presidium of the CSR Government in its Decision No 340/P/81 stipulated that the presidium of the CSR Government and the presidium of the Czech Trade Union Council proceed jointly in the fulfillment and control of the implementation of the plan and collective contracts in 1982, to achieve in 1982 in the CSR, among other things, specific absolute reductions of work forces against the specification of the plan for 1982 in branches of the ministries of industry, construction, agriculture and food. These ministries failed to apply counterplanning for this specification and they do not anticipate that this task would be met only during the process of implementation of the plan. By the same token, the reduction of work forces according to the agreement should be regarded as a minimum. While fulfilling these tasks, we often lack effective mass political work and initiative of our leading economists in creating the necessary climate societywide.

Job-hoppers Are Out of Luck

With consistent implementation of the Set of Measures and of the principles regulating the deployment of work forces, those employees who attend to their duties and tasks have nothing to worry about as concerns their jobs. Whether in production or administration, such employees, as long as they are not dismissed for objective reasons, will have their constitutionally guaranteed right to employment protected by the enterprises that dismissed them as well as by national committees in cooperation with other organizations. However, notorious job-hoppers and absentees must expect that until they change their attitude of work they will encounter increasingly greater difficulties when applying for jobs. Fulfillment of these tasks and regulations

calls for close cooperation and support of organizations and organs of the ROH [Revolutionary Trade Union Movement].

Some of the problems in production stem mainly from stabilization of work forces' reduction of worker fluctuation. Thus far, organizations and enterprises have failed to pay adequate attention to these problems. Many leading economists recommend that we counteract workers' fluctuation in certain trades by administrative restrictions of their mobility. This is not the correct solution of the problem. Such a procedure contradicts not only international conventions ratified by the CSSR but also the general legitimate demand to the contrary--that the mobility of work forces not be regulated by administrative measures. This principle is stated in the system of regulations for the employment and deployment of work forces in the Seventh 5-Year Plan. Naturally, this does not prevent branch organs and organizations in certain areas from negotiating together with the ROH organs and national committees mutual considerations of the structure of worker trades when hiring workers in some exceptional instances, i.e., organizations must be prevented in particular from luring employees of other organizations.

Here the best method is based on the differentiated effect of economic policies within the limits of the funds available for differentiated care for employees according to the plan for cadre, personnel and social development. The 10th All-Union Congress paid special attention to these problems.

All leading economists share the task of applying the decisions adopted by that congress when it concerns these problems. After all, care for employees, their satisfaction and comradely relations in their workplace are among the main factors in stabilization of employees and consequently, also in the fulfillment of the plan. Workers qualification is an important factor in the growth of labor productivity. In the system of planned management of national economy, the plan of skilled workers determines the structure of professional qualification and at the same time, it predetermines its changes over a period of at least 20 years. Our experience with the placement of the young generation in 1981 has shown that in effect, necessary preconditions have not been met to make it possible for all youngsters who had completed their schooling to be placed in organized job training. Furthermore, there are problems with dormitories for boarding students of secondary vocational schools; it is difficult to place in training students with poor study records.

The capacity of special vocational schools remains inadequate and the curricula for 2-year apprenticeship courses have not been sufficiently worked out. The plan for recruitment of youth for vocational training was only 96.3 percent fulfilled in 1981. Among other things, organizations which failed to provide preconditions for fulfillment of priorities and also for the training of girls must blame themselves that the plan for the recruitment of youth had not been met. This year 61,180 students (i.e., 37.4 percent of the resources) will be admitted for further study in secondary academic and secondary vocational schools in the CSR and 100,230 boys and girls (i.e., 61.3 percent) are expected to begin their vocational training.

It is estimated that 29,900 graduates of secondary vocational schools and 19,100 college graduates will start working in 1982. However, some branches and regional national committees have systematically failed to assign the graduates according to quotas that had been negotiated and approved by the plan. The organizations themselves may help resolve the situation of skilled workers by more thorough cadre and personnel policies, by pressing for assignment of jobs to workers with the required skills, by raising demands on vocational skills, by more expeditious practical application of the achievements of scientific technical research and by ceasing to employ in technical and economic jobs pensioners-team workers.

The Objective: Productivity and Standards

One of the programs aimed at raising labor productivity involves rationalization of work. Its importance is compounded by the requirement to give priority to those factors of higher labor productivity, including standardized work, that do not demand extensive investments.

The tasks of rationalization and standardization of work for the Seventh 5-Year Plan are determined by the fact that their implementation will reduce the consumption of labor value added and thus, raise labor productivity on the average about 1 percent per year.

The ministries of industry and construction and the branches of forest economy, of food industry at the Ministry of Agriculture and Food, and the sector of local economy managed by the Ministry of the Interior came near to this target in their plans for rationalization of work. Less perfect are the plans for rationalization of work in the department of agriculture at the Ministry of Agriculture and Food, the branch of water economy at the Ministry of Forestry and Water Economy, and the Ministry of Health.

As a rule, plans are processed in those ministries without the required quantification of the planned contributions; most of the planned objectives of rationalization are only very general and not specified for lower levels of the management. This shortcoming must be corrected mainly by more scrupulous determination of the annual plans for rationalization of work, in which trade union organizations, experts, foremen and best workers will participate.

The least satisfactory situation concerns systematic application of rationalization of work in nonproduction branches and in the sphere managed by national committees, where, with some exceptions, this program has not been managed consistently, or else is accorded only cursory attention. In some places the achievements in the fulfillment of programs for rationalization and standardization of work in certain branches can please us, however, often the reported contributions of programs for rationalization of work have not been reflected in the achieved level of labor productivity. For example, in 1981 the Ministry of Construction raised labor productivity almost according to the plan for rationalization of work, increased the average fulfillment of quotas, but failed to meet the planned growth of labor productivity in construction production. We may frequently see that the

reported contributions are here dissipated and consumed by the shortcomings in the management and material technical supply of production.

Of particular importance here are the tasks in standardization of work fulfilled in conjunction with the program for higher economic efficiency of the wage system. They concern primarily:

--views of quotas for labor consumption in 1981-1983 and balancing these quotas with actual technical and organizational conditions of labor, and reviews of at least 20 percent of the quotas in subsequent years;

--expanding the base for the quotas for labor consumption in order to reduce by at least 15 percent the number of employees whose jobs have not been standardized and in subsequent years to reduce it by 10 percent annually.

Shortcomings Still in Evidence

The measures implemented thus far have not been reflected distinctly and positively in fulfilled norms and in the extent of their application. In particular, expansion of the normative base for technical economic operations has been lagging behind. The development thus far and the existing shortcomings serve as a warning signal that all branches will not meet their task by the end of 1983.

These shortcomings stem above all from the deteriorating discipline in the definition and fulfillment of the norms (one-sided adaptation of the norm to considerations of wages for the purpose of achieving the required level of wages), furthermore, from deteriorating discipline in correct application of norms stipulated for rational technical and organizational conditions (symptoms of deficiencies in the work of management and organization) and from fear of conflict. Under such circumstances, the norm cannot fulfill its purpose, its effect on the implementation of rational organization of work is weakened, and the shortcomings in the enforcement of the principle of merit in rewards continue.

At present, the program of rationalization of administrative operations and in that conjunction, also the problem of simplification of wage regulations, or more specifically, simplification of the wage system, appear in the forefront. The crux of the problem is not the scope of wage regulations, as some people tend to believe. After all, a single regulation cannot resolve rewards to workers in different branches--miners, railroad workers, sales clerks and physicians. The really complicated factor is our wage system. We know that the effort to achieve absolute accuracy and absolute fairness as well as numerous exceptions and amendments resulted in an extremely complicated wage system. Moreover, the system regulating the development of wages is complicated, but, on the other hand, many organizations failed to use to their advantage the opportunities offered to them by the regulations in force, such as determination of certain bonuses in standard amounts on the basis of previous analyses, which considerably simplifies the calculation of wages. The ministries of labor and social affairs were assigned the task to simplify the wage system and regulation of wages and concurrently, to upgrade

their incentive effect. At the same time, we are also counting on the assistance of economic researchers and experts in calculation technique.

Tasks for the Seventh 5-Year Plan are already determined. Successful implementation of this plan depends on prompt transition of our economy to the process of intensification and quality; all levels of the management must fulfill it systematically, as well as tasks that will enable us to continue our economic development and to accelerate gradually its dynamism on the basis of higher productivity with reduced work forces.

[Caption] Automatic production line can double labor productivity in the manufacture of rotors of electric motors for vacuum cleaners and mixers in the Elektro Praga national enterprise in Hlinsko. While according to the previous method 60 workers used to produce at most 2,200 rotors per shift, 6 employees operate the line at present. It consists of 18 machines and equipment furnished with containers for materials and parts, depositing and switching devices, electric sensors and sound and light alarms signaling defects.

9004

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FODDER SHORTAGE AFFECTS LIVESTOCK PRODUCTION

Bratislava SLOBODA in Slovak 30 Sep 82 p 6

[Article by Elena Strenatkova: "Cattle Are Eating Away Our Bread"]

[Text] "The good results which we have achieved in grain production stimulate us to more energetically apply scientifically devised production systems in regard to other agricultural products as well, to use on an ever larger scale progressive varieties of seeds and seedlings, to minimize harvest losses, and to improve conservation and storage, particularly of fodder," underlined J. Lenart in the report to the CPSL congress. In animal production during this 5 year plan priority has been assigned to cattle--an increase of 60,000-70,000 head is expected--and to sheep, an increase by as much as 110,000. The implementation of these tasks is certainly demanding. But this is the only way, if we want to have more milk, meat, cheese and so on on our tables. If this is to become a reality, we must have a quality and adequate fodder base.

The development of crop production in the past was oriented to the intensification of grain production on the arable land. While in comparison with the Sixth 5-Year plan grain production increased 80 percent, fodder production did less than 27 percent during the 1961-1965 period. This was partly caused by the reduction of areas sown. The total area planted with root crops for fodder in the SSR decreased more than 83,000 ha [hectares] since 1971. While the agricultural land was reduced by 88,000 ha during the 1971-1978 period, the area of perennial fodder was reduced by as much as 122,000 ha. In the final analysis this amounted to the loss of billions of liters of milk.

The following facts also convey warnings: the annual consumption of grain fodder per big cattle unit in the SSR exceeds by 0.4 tons the amount used in other developed agricultural states. For example: while more than 200,000 tons of grain fodder was used to attain the present utility rate of cattle in 1978, almost 60,000 tons more were used 1 year later, which represented the grain crop from 50,000 ha of arable land. Unfortunately, the daily allowance of bulk fodder does not produce more than 4-6 liters of milk or a 50 percent increase of live weight of cattle.

Where are the causes of stagnation in production of bulk fodder? Detailed analyses confirm that they are to be found particularly in the area of seed handling, mechanization, planning, appraisals and so on. Let us look at it more closely. Let us consider, for example, the year 1980. The workers at the Central Control and Testing Institute for Agriculture (UKSUP) in Bratislava in their analyses of individual types of fodder stated that the overall

evaluation of findings in harvesting and conservation fodder revealed, despite some shortcomings, a turn for the better in the area of correct observance of principles of harvesting and conservation as compared with the preceding years. There were, however, some weak spots particularly in regard to equipment. After all, the required increase in quality depends also on the procurement of appropriate harvesters particularly for the mountain and foothill areas.

"And last year?" thinks aloud Eng P. Filkorn, head of the department at UKSUP. "When we evaluated the quality of hay, we found a deterioration. This is supported also by the following figures. While inferior hay was found in approximately 26 percent of samples examined in 1980, the ratio rose 12 percent last year. We want to produce hay of excellent quality, which accounted for less than 15 percent, while hay of good quality accounted for 47 percent. The comparison of individual krajs of the SSR revealed the lowest quality in the Central Slovakia Kraj. Due to the low nutrient content, almost 80 percent of samples examined were rated as inferior, which was more than double in comparison with the previous year. It is encouraging that significant progress was registered in the production of silage--particularly in regard to more rapid filling of silos, good pressuring down and hermetic covering."

Let us look now at all three krajs of the SSR to find how the farmers coped with harvesting of fodder this year. The first and second crop of perennial and annual fodder was significantly affected by weather. The late arrival of a dry and cold spring delayed the growth of plants. In comparison with the previous year, the winter hybrids in the West Slovakia Kraj were shorter and very sparse. Most of them were therefore fed green to the cattle. In order to alleviate the shortage of fodder, the farmers intensified sowing of intermediate summer products. This also represents a plus because they will have enough green fodder up to the end of November. In those agricultural enterprises which resorted to irrigation, such as Vodnany, Lehnice and Dvory nad Zitavou JRD [unified agricultural cooperatives] this was reflected in the economic results. The perennial fodders grew more rapidly and had a higher yield. The farmers in this kraj laid great emphasis particularly on the conservation of fodder of natural drying to hay. It is praiseworthy that production of fodder dried by warm air was reduced by as much as 30 percent. The farmers worked mostly two shifts because they were interested in an early and quality harvest. Although the climatic conditions during the harvest were favorable, the yield of fodder varied considerably. While there was a yeild of 15-20 tons of green substance per hectare in the northern districts of this kraj, Trencin, Topolcany, Trnava, the yield in the southern districts was substantially lower--the crop was reduced approximately one-third due to drought.

Agricultural enterprises in the Central Slovakia Kraj got off to a very good start at the beginning of the harvest season, particularly in gathering perennial fodders. As they had to gather grass from the permanent meadows, however, their enthusiasm gradually subsided. This was due to the deteriorating weather which made the organization of the work more demanding, but also to the shortage of harvesting equipment, particularly of that which could be used on slopes.

Despite these complex conditions, most of the agricultural enterprises finished gathering of the first fodder crop on time and thus laid good conditions for gathering of the second crop. Yet, despite ideal weather for gradual gathering of perennial fodders and production of dry fodder, most of the agricultural enterprises, for example in Oslany, Liptovsky Ondrej, Zavada, Predmier JRD and others gathered them all at once. This is alarming in the present energy situation. Farmers in Central Slovakia encountered biggest problems in production of hay. The shortage of equipment caused delays in harvesting the crop. It thus often happened that the grains were overripe--with the excessive amount of fibrous material, low nitrogen content and thus naturally also with lower digestibility.

The farmers in East Slovakia also paid more attention than in previous years to gathering and conservation of fodder whereby they had the opportunity of improving the quality of bulk fodder. Agricultural enterprises concentrated on production and storage of hay, and less on silage. Yet, the harvest even in this kraj did not proceed without mistakes. It is surprising that Kobyly, Raslavice, Velky Hores and other JRD also made silage of clover and lucerne or used compounds of grasses which, due to the ideal weather during the harvest, should be dried for hay and stored. The farmers in this kraj also complained about lack of equipment. There were not enough windrowers, but also big trucks.

The analysis of samples taken in these krajs confirmed that the quality of hay improved. From these samples, 29 percent were rated to be of excellent quality, 60 percent good quality and only 11 percent inferior quality.

Corn for silage continues to be gathered at the present time. As in the case of hays, emphasis must be placed on quality. Average daily consumption per milk cow is 25 kilograms of corn silage which, if of good quality, contains approximately 24 percent of dry matter. This is enough not only to preserve the present level but represents also 2 liters of milk more. However, if silage contains 6 percent less dry matter (this is true of the majority of agricultural enterprises) the cow must be fed another half kilogram of fodder compound, if the same result is to be achieved. Every manager knows the old saying of our fathers which is still true: "The cow is milked by mouth" [meaning that cow must be adequately fed, if they are to produce an adequate quantity of milk].

10501
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CRITICAL EVALUATIONS OF ECONOMIC PLANNING PUBLISHED

Academy of Sciences Meeting

Warsaw RZECZPOSPOLITA / : Polish 29 Sep 82 pp 1, 2

[Article by Witold Blachowicz: "A Session of the Presidium of the Polish Academy of Sciences: The Next Three Years, Social and Political Situation Versus Economy, Importance of Incentive Factors"]

[Text] A session of the Presidium of the Polish Academy of Sciences [PAN] was held in Warsaw on 28 September. It was chaired by Prof. Dr. Aleksander Gieysztor, president of the Academy.

The main point on the agenda was the discussion of the opinion of the Polish Academy of Sciences with regard to the concepts and variants of the 3-year plan (National Socioeconomic Plan [NPSG] to 1985). The opinion had been prepared by Prof. Jozef Pajestka (of the PAN Institute of Economic Sciences), who presented it at the session. This opinion, which took into consideration many previous studies by specialists and had the benefit of professional consultation in individual sections of the academy, expressed a general attitude toward the program which had been presented by the government as well as toward individual sectors and issues found in this program.

Thus, e.g., the opinion favored the acceptance of a thesis about rapid economic recovery, a thesis which was justified by political, economic, and social requirements. There is indeed a need for and a possibility of a positive feedback between social attitudes and improvement of our economy. This does and will have a decisive influence on the rate of our economic recovery.

Under the current socioeconomic conditions, it is possible to define three main areas which determine human attitudes. These are: the political situation and the integration of our society around the common goals of our nation; providing to our people, through the economic reform, opportunities and incentives for action; attainment of market balance.

In the presented opinion, much space is given to the economic reform and to the problem of our society's acceptance of the reform. A disquieting phenomenon is the identification of the reform solely with price increases and, on the other hand, the arousing of hopes that the reform--in and of itself--will bring

instant results, while actually its objective is to activate mechanisms for the correct functioning of our economy. In order to correctly implement the reform and to increase its effectiveness, we should do the following, among other things, as early as 1983: check the [viability of the] incentive system, above all by changing the principles of taxation of enterprises, and expand the opportunities for enterprises to initiate effective actions in the areas of technological, production, market, and organizational innovations, as well as in the areas of organization of work time, methods of compensation, etc. Several proposals of a general nature were also made; these should be implemented in the subsequent 1984-85 period. They concern, among other things, matters of employee self-government, reconstruction of the central apparatus, proper cadre policy, and many other matters.

Considerable attention was also devoted to issues related to investments. Among other things, objections were made to restricting those investments whose implementation involves the financial resources of the population. A stand was also taken on the so-called anti-inflation policy, several concrete suggestions having been made in this area.

For obvious reasons, analyses were made also of our scientific research policy, particular attention being given to opportunities provided to science in the process of economic recovery and to the need for considerably increasing the innovation-intensiveness of our economy. At the same time, it was asserted that during the present period the proposal being made concerning the need to balance exports and imports of technology is not entirely feasible. As an example, Japan has been able to boast of such a balance only in the past few years, while during the entire previous period (since World War II) her imports considerably exceeded her exports.

During an ample discussion, the discussants raised the issue of our foreign indebtedness and of related widespread defeatist attitudes of resignation. As a matter of fact, many countries are more heavily in debt than Poland. On the other hand, the main problem consists in the ration of this indebtedness to the export capability of our economy. Hence the conclusion that it is necessary to rapidly increase our economy's export capability.

It is obvious that problems of wages could not be omitted in any analyses concerning the 3-year plan. In this respect, attention was drawn to the fact that it is necessary to closely link increases in wages to increases in labor productivity.

Many participants pointed out that the solutions to most of our present problems lie, to a large extent, in the area of our political and social problems, while our economic problems could sometimes be regarded as secondary problems of sorts.

The opinion, expressing the position of the Polish Academy of Sciences [PAN], was accepted in principle by the [PAN] presidium.

This position--after the consideration of motions presented during the discussion, and after the completion of supplementary work on it--will be

ultimately stated in detail and then will be communicated to the Planning Commission under the Council of Ministers.

Also worth noting is one general proposal which was presented during a long discussion, namely, that in all programs for our country's economic recovery and development we should always observe the principle that our society is the subject in all programs and actions and not an object of economic measures.

It is to be hoped that the opinions of the scientists--but only if they are taken into consideration--will considerably enhance the content of the 3-year plan for economic recovery.

Association of Economists Meeting

Warsaw RZECZPOSPOLITA in Polish 29 Sep 82 p 2

[Article: "Need for Economic Education. Economists Speak About the Plan: PTE Proposals--How To Calculate, What To Consider, What To Change"]

[Text] The plenary session of the Main Board of Polish Association of Economists [PTE], chaired by Asst. Prof. T. Afeltowicz, was devoted entirely to planning proposals for the next few years. At the beginning of the session, Prof. A. Lukasiewicz gave a report on the work of the Advisory Economic Council. The recapitulation of the council's conclusion and opinion about the concepts of the variants of the plan became a point of departure for further considerations by the economists. The members of the PTE Main Board [ZG PTE] who took part in the discussion appear to have gone much further than the official advisory body in their critical evaluation and final conclusions. While so doing, they showed exceptional unanimity of views, which is a rare occurrence in the PTE conference room.

The common accusation leveled at the Planning Commission document was that the document has little credibility and at times borders on unreality. Universal attention was directed to the discrepancy between the objectives established by the central planners and the means made available for their implementation, to the plan's attempt to separate the area of production from our country's political and social situation, and to ignorance--revealed in indexes, growth rates, and assumptions--of entire areas of our economy, and, above all, of our agriculture. During the discussion, moreover, much was said about the danger posed to the reform by the expansion of the distribution system of raw materials and other materials, even those which are no longer in short supply; mention was also made of the expansion of the area of directives. The participants also stressed the fact that in the planners' formulation of production problems there was a clear division into obligatory and stimulated tasks. While an enterprise is responsible for the former, no one knows who is responsible for the latter. Does this mean, perhaps, a return to the comforts of authority by the Planning Commission?

And here is what was said by Assistant Prof. Leszek Balcerowicz. Partially correct solutions can be found in the text of the [plan's] concept. However, it is impossible to understand how the variants were arrived at. There

is a basic discrepancy between the objectives being set up and the financial resources being made available for their implementation. The concept of variants, likewise, steers clear of any analysis of ways to implement the reform, of our foreign relations, and of methods of resolving social and political tensions. Any plan which is formulated in isolation from these initial problems will be unreal.

What Plan Lacks

Warsaw RZECZPOSPOLITA in Polish 29 Sep 28 p 3

[Statement by Assistant Prof. Teresa Palaszewska Reindl, of the Institute of Domestic Trade and Services: "About the Concepts of the Three Year Plan: What the Plan Lacks."]

[Text] The variant form of the plan and the emphasis on the objectives to be attained should be regarded as its indisputably good points. Of importance is also its evident departure from branch formulations and its concentration on social and political entities.

But, on the other hand, doubts are aroused by too general formulations which do not enable a citizen to form a judgment about this matter. This is the case, e.g., with the section concerning the policy of balancing the market. Here we need specifics indicating the stages of the resolution of market problems and defining the assumed increase in production of specific articles during each of these stages. This should be a market improvement program. Meanwhile, we have just the opposite: the plan promises this improvement as a result of the plan's implementation, without specifying the necessary conditions for it.

The basic dilemma in the program of supplying the market will always be--even if work efficiency and production are increased--the problem of how much should be exported and how much should be left for domestic use. It seems that here we need fairly equitable incentives, because we cannot do without exports while, on the other hand, our domestic market cannot be totally depleted.

Likewise, I notice certain inconsistencies in the plan's approach to certain problems. The treatment of the problem of off Saturdays savors of centralism and hardly befits the reform. If local and employee self-government is to be the essence of the reform, then it is these self-governments that should solve this problem in a flexible manner as need arises.

A development plan for a region or a plant must be a compromise between the goals established by self-governments and the tasks or programs of government bodies. I still do not find this compromise in the plan.

I also have several specific observations. In addition to providing food supply, health care, and maintenance of an appropriate level of housing construction, the plan should also take into consideration [the task of] supplying the population with other basic commodities.

The objectives of the plan emphasize the protective function of the state with regard to those living in extreme poverty. This is right, but we cannot but call attention to the fact that the economic system being introduced will have its most negative effect on middle income families. I believe that we should anticipate doing something for them, too, e.g., by providing opportunities for them to earn extra income through home craft work, service and repair work, in small economic groups, etc.

The concept [of the plan] assumes a considerable increase in labor productivity, in addition to a campaign to reduce waste of materials, and a better organization of work. For this purpose we need, I think, to program the improvement of our entire social and economic infrastructure. In this I would include commuting to work, the hours of operation of our commerce and the quality of its services, health care, etc. Efficiency will become a reality only when there are no more lines in snack bars, in front of a doctor's office or of a single open post office window. These dependencies are already quite evident today in services to agriculture.

If I had to choose among the variants [of the plan] I would stake my hopes on the second variant--which is not a maximum variant, because life teaches us to be careful, but which is not a minimum variant either, because life forces us to progress. Moreover, I favor the subvariant of protection of consumption because, as I believe, the present situation forces us to accept it. This should also be a variant which would assume equalization of the rates of increase in individual consumption and in collective consumption.

The crisis makes it imperative to provide for satisfaction of basic human needs and to preserve our current social gains; however, giving preference to collective consumption would not be advantageous in the long run, because it would create excessively demanding attitudes.

In the area of social actions, it is necessary to provide for all the basic living needs. We cannot make an arbitrary choice between hospitals and schools, because such a choice is not possible. On the other hand, I am of the opinion that we should ask the question whether it is right to get everything for free in this area. Personally I would favor, for example, partial payment for sanatorium treatment; the amount of the payment, of course, would vary according to a person's income.

I also noticed in the plan a lack of deeper concern for problems of older people--not so much in the financial aspect, because this aspect is mentioned in it, as in the material and organizational aspect. Moreover, I think that we have to consider the social needs of the rural area, because these needs exist and cannot remain unnoticed.

9577
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CRITICAL VIEW OF 1983-85 INVESTMENT PLAN PUBLISHED

Warsaw TRYBUNA LUDU in Polish 13 Oct 82 p 3

Article by Krzysztof Krauss: "Is Every Opportunity the Right Kind of Opportunity?"

Text The crisis is felt practically in every Polish home. Calculations (which are quite detailed) showing the decrease in real wages and incomes, both for specific socio-professional groups and in territorial cross-section, are common knowledge...

According to the estimates, the average real wage decreased in the first half of this year, as compared with the same period of the last year, by over 15 percent for those employed in mining industries, by almost 30 percent for those employed in manufacturing industry, for those employed in transportation--by about 35 percent, by almost 33 percent for those employed in communications, and by over 32 percent for those employed in commerce. The decrease in the real value of the average pension and retirement pay is about 28 percent, and the decrease in farmers' real income is about 10 percent.

Looking at territorial cross-sections, the smallest decrease in real wages (that, nevertheless, equals as much as 19 percent) took place in the Katowice voivodship. In the remaining 48 voivodships the decrease in real wages exceeds 24 percent--it is from 26 to 30 percent in most of the voivodships. However, there are also such voivodships (Gdansk, Warszawa, Szczecin, and Slupsk) in which purchasing power for the average wage decreased by over 30 percent, as compared with last year.

Justified Pessimism

Unfortunately, presented for public discussion variants of the National Socioeconomic Plan for the years 1986-1990 do not promise a quick return to the precrisis consumption level. In general, we should not count on achieving the consumption level equal to the level we had at the beginning of the 1980s (after all, at that time we lived mainly on foreign loans) any earlier than toward the end of this decade.

In one of the three variants (the so called pessimistic variant) it is projected that even in 1990 the real consumption level per capita will be about 4 percent lower than in 1980. The remaining variants assume that the consumption level will be either 4 percent (in the so called most realistic variant) or 9 percent (the optimistic variant) higher. But this will take place no earlier than in 1990.

Why? As we all know, our economy has such problems as lack of funds for the import of raw materials and other materials, inadequate employment in some regions and industries aggravated by early retirements and a shorter work week and, in many branches, outdated technology. Because of these problems we cannot expect the growth rate of material production to exceed 3.5-3.6 percent yearly. This is not to say that the growth rate of the national product is low, since it corresponds to the average rate for developed and highly developed nations. In the optimistic variant the rate is even higher than the average. However, because of the depth of the economic decline in recent years, and especially in 1981, the scale of the expected production growth that is typical for other countries, is too low to allow us to bounce back. It does not take much time to destroy, but it takes a long time to rebuild.

The payment of foreign debts is our main task. We have not made the "world record" concerning the amount of the debt, but it is considerable, and it demands that a significant portion of the national production be used for the payment of interest, installments, and credits.

There is a chance that despite the limitations we will earlier achieve the precrisis level of consumption. Authors of the draft plan dutifully noted it, leaving the final judgement to the public. They state that if we decide to further limit investment, and in particular the net investment outlays, to about 22 percent as compared with this year, it is very probable that in 1985 the portion of the national product earmarked for consumption will be by several points higher than the level observed at the end of the 1970s.

Attractive Variant

This consumption level would be close to the precrisis level per capita (in 1985 the population of Poland will increase by a few millions, as compared with 1980). It will not be possible to achieve such a consumption level either by keeping the investments at the present level or, even less so, by increasing investments in proportion to the growth of the national product.

We have to admit that this is a very attractive variant that meets our society's legitimate desire "to lead normal lives". What makes the variant even more attractive is that its implementation is generally based on actions coming "from the top".

The banks would simply be directed to shut safes with credits and investments even tighter. Perhaps it would be enough to tax planned investments so heavily that practically no enterprise would be able to afford to either initiate or continue any new undertaking.

I do not blame the Planning Commission for introducing such a "subvariant" in the initial phase of the debate on the plan. Honesty and fairness required informing the public of such a possibility. I am convinced, however, that a univocal and final rejection of the sub-variant during the public debate is one of our main duties. It is dictated by our responsibility to insure a better future for our country and for each one of us. The adoption of this variant would mean concentration of problems in the future, after initial gains.

Protection of Accomplishments

The available production potential is the foundation of the economy. The potential could be utilized either more or less efficiently, depending on many factors, such as the efficiency of management systems, but the potential has to be available. Plants, capable to produce, have to exist, a proper transportation system has to be available, etc. Nothing could be accomplished with bare hands.

It is not enough to build a plant or other elements of the "production structure". If the production structure is to be a living organism able to serve the society, instead of being a historic landmark, the "material structures" have to be systematically rebuilt as they are being used up, physically, as well as economically.

Preservation of the national property, at least in its present condition, requires outlays for its reconstruction equal to the value of so-called depreciation. I do not even mention that a growing society pursuing a better future cannot afford to limit itself to simply preserving the acquired production potential, but should attempt to increase it.

In some areas of production the process of technological deterioration has already begun. For example, the average period during which a machine tool should be replaced by a more efficient tool is 10 to 15 years, and in some branches of industry it is only 5 to 7 years. Out of 400,000 machine tools used by Polish industry, about 70,000 are over 25 years old. In order to avoid technological deterioration 65 percent of the machine tools should be replaced before 1990, and the remaining machine tools should be replaced by 1995. This is not to mention the question of progress in manufacturing techniques.

At present all we can afford is protection of the production equipment which we already have, and in some areas even this statement does not hold true. But we should think in terms of the future. The idea of even larger "investment cuts" and limits on development funds to expand consumption funds is very dangerous.

At present no other country in Europe appropriates such small portion of the national product for investments. As a result of choosing this route we would perhaps achieve the consumption level equal to the level we had at the beginning of 1970s, but this would be accomplished on the ruins of the national economy.

Maintaining the present level of investments at least for the next few years does not mean that there is no chance of rebuilding the consumption level. The chance lies in more significant progress than expected in the effective management that--while increasing generated national product--would also increase the national product for distribution. This route is more difficult, but I believe that it is the only sensible and the only possible route.

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ROMANIA

INCREASED TRADE, ECONOMIC COOPERATION WITH BALKAN COUNTRIES

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[Article by university lecturer Dr. M. Korka]

[Text] Furthering efforts to turn the Balkan Peninsula into an area of peace, co-operation and neighborliness, to achieve understanding as to the principles of economic, political and cultural-scientific cooperation among Balkan countries, to create an area free of nuclear weapons and free of military bases is a major foreign policy concern of our party and state. The establishment of relations of good understanding among Balkan states in every area of activity, the constant development of trade and bilateral and multilateral cooperation among these countries are valuable inputs into the cause of security of Europe and the whole world. "Romania places much emphasis on collaboration and cooperation among Balkan countries. We consider that we must seek new forms and methods for promoting meetings and cooperation, we must proceed to organizing a high-level conference on turning the Balkans into an area of peaceful cooperation, free of nuclear weapons."*

We recall, among the first initiatives, the proposal advanced in 1957 by the Romanian government to the governments of the other Balkan states for organizing a summit conference to examine matters pertaining to strengthening peace in the Balkan area, mutual nonaggression and peaceful settlement of outstanding problems, and also the proposal set forth by Romania for examination to the other Balkan states in 1959 for signing of a Treaty of understanding and collective security of the Balkan area. During the subsequent period, specifically after 1965, these proposals were reasserted and presented in extenso both in the Geneva Disarmament Committee and at the United Nations. [1] We also quote here the resolution initiated by our country on "Regional measures to improve neighborly relations among European states with differing sociopolitical systems," adopted by the UN General Assembly on 19 November 1966. [2]

Romania conceives cooperation among Balkan countries as a part of the process for building security and cooperation in Europe. The expansion and diversification of relations among countries in this area, the strengthening of cooperative and neighborly ties in the Balkan area are not aimed at creating a new, closed economic or

* Nicolae Ceausescu: "On the Current Stage of Building Socialism in Our Country, on Theoretical, Ideological Issues and Political, Educational Activity of the Party." Report to the enlarged plenary session of the CC of the RCP held on 1-2 June 1982.

political body on the European continent but at the free development of cooperation among the states in the area and between these and the other states in Europe and the rest of the world.

Proceeding from existing realities and setting this goal in expanding relations among states in this area, our country views Balkan cooperation in its evolution from simple to complex as a lasting process, to which it is necessary to constantly pay due attention in the overall European context.

Now "Romania considers that the necessary conditions exist for achieving a high-level meeting of Balkan states, on discussing the avenues and practical methods for resolving existing problems of solidifying trust, cooperation and peace. Undoubtedly, this would involve a significant positive step in the lives of our peoples, in the life of the entire continent." The assessment was made by the President of the Socialist Republic of Romania, Nicolae Ceausescu, during his recent state visit, with Elena Ceausescu, to Greece. [2] Moreover, the great frequency of bilateral and multilateral meetings of representatives of the states in this area, including mutual summit visits, the fruitful results of the implementation of agreements and understandings concluded on expanding relationships in all fields of endeavor have turned the Balkan area from the erstwhile "powder barrel of Europe" into an area with exemplary relations among countries with different social systems.

Historical experience has taught the Balkan nations that a paramount factor for the development of each country in this area involves lasting cooperation based on the principles of national sovereignty and independence, noninterference in domestic affairs of other countries, respect for the right of each people to choose their style of life according to their own will. Furthermore, in spite of all past trials and tribulations, in this part of the world the tradition exists of relations of neighborliness, peaceful coexistence and mutual assistance and aid among peoples. As a reflection of this tradition, a number of agencies and activities have been created in this area, which promote the expansion of cooperation in the medical, cultural-sporting and scientific fields, the Agreement on cooperation in tourism was signed, meetings were held on multilateral economic and technical cooperation among Balkan states.

In recent years, these activities included the first Balkan meeting on economic and scientific-technical cooperation in Athens in 1976, the Balkan meeting of experts in the area of telecommunications in Ankara in 1979, the Balkan meeting of experts in the area of transportation in Sofia in 1981, and the recent meeting on multilateral cooperation in the area of energy and energy raw materials, held in Bucharest from 7-11 June 1982. The final document of this meeting, adopted in consensus, points out the importance of continuing cooperation among Balkan countries in all forms, including multilateral meetings, as an expression of the new climate in this area, of the participating states' wish to develop mutually beneficial relations and to provide and input into building security on the European continent.

The outcome of a tumultuous historical evolution, "object and subject of keen confrontations," the scene of many devastating conflagrations, the Balkan area economically involves a developing region of Europe. In this light, the promotion of cooperation among Balkan countries provides Romania and the other states in this area with conditions for centering material, financial and human resources on peaceful development and economic and social progress.

Expansion of economic cooperation and development of trade with countries in this area are factors in the overall progress of all partners, representing not only meaningful arguments but also a material incentives in seeking mutually advantageous solutions, without political strings, without restrictions and discriminations, to all the problems that still exist. Promotion of economic relations between countries in this area facilitates rapprochement among peoples, giving greater security and greater trust to each nation in the outcome of its own development effort.

In the context of the accelerated progress of our trade with foreign countries, Romania's foreign trade with the countries in the Balkan Peninsula involved even greater increase rates, so that during the last 2 decades for each percent of rise in our country's total foreign trade, exchanges in our geographical area went up 1.33% (see Table 1). A breakdown by decades shows that during the 1971-1980 period the flexibility of exchanges with the other Balkan countries is lesser (1.20) as compared with the previous decade (in 1961-1970: 1.52). But the actual proportions of the dynamism of exchanges with countries in this area stand out more clearly if one has in mind the fact that the absolute value of each increase percent was in the second decade more than 4.5 times greater than the one in the first decade considered or if one notes that 1981 exchanges with the other five countries in this area exceeded the total volume of our foreign trade for 1960.

Table 1. Survey of the Development Rate of Romania's Foreign Trade With Balkan Countries

Tabelul nr. 1			
Analiza ritmului dezvoltării comerțului exterior al României cu țările balcanice			
1)	Ritmul mediu anual al perioadei		
	1961-1980	1961-1970	1971-1980
2) din care:			
1. Total comerț exterior al R.S. România	14.0%	11.8%	17.3%
2. Din care comerț exterior cu țările balcanice	18.0%	16.0%	20.0%
3. Elasticitatea (2:1)	1.33	1.52	1.20
4. Valoarea absolută a unui procent de creștere în comerț exterior cu țările balcanice (milioane \$ SUA) —	0.42	1.91	

Key:

1. Median annual rate of the period
2. Out of which:
3. Total foreign trade of the Socialist Republic of Romania
4. Out of which foreign trade with Balkan countries
5. Flexibility (2:1)
6. Absolute value of a percent of rise in foreign trade with Balkan countries (millions U.S. dollars)

As a result of the rapid increase in the volume of trade with these countries, there has been a change in this market segment in the total Romanian foreign trade.

Table 2. Evolution of Volume of Trade With Balkan Countries in Total Romanian Foreign Trade

Tabelul nr. 2			
Evoluția ponderii schimburilor cu țările balcanice în totalul comerțului exterior românesc			
1) Anul	2) Volumul valoric cu țările balcanice (mil. \$ SUA)	3) Pondere lor în total 4) Indicele CEx al R.S.R. (%)	Indicele cotei părți (%)
1960	41,77	3,06	100
1965	74,52	3,42	112
1970	100,55	5,00	163
1975	645,25	6,04	197
1980	1 706,42	6,71	219

Key:

1. Year
2. Value volume of exchanges with Balkan countries (millions U.S. dollars)
3. Their volume in total Romanian foreign trade (%)
4. Volume index (%)

Accounting for 6.71% in the total Romanian foreign trade, the \$1.7 billion involved in our trade exchanges with the other Balkan countries in 1980 mean a volume which is 2.19 times greater than the one for 1960, respectively, 1.35 greater than the input of this market in 1970.

A characteristic feature of the evolution of our foreign trade with Balkan countries involves the development of exchanges with all the countries in this area, regardless of their social systems, according to common interests, to the understandings and agreements signed. For instance, in the context of the rise in the total foreign trade with these countries during 1961-1980 by a factor of about 30.3, exchanges with Albania and Bulgaria involved a value increase of about 19.2 times, exchanges with Yugoslavia, 22.4 times, trade with Greece, 54.3 times, and trade with Turkey, 104.4 times. In light of the different value level of exchanges in the basic year (1960), the differential development of foreign trade with these countries gradually resulted in a more uniform geographical distribution of commodity flows between Romania and the other five Balkan countries (see Table 3). This territorial diversification again attests the good relationships of our country with all the states of this area, the interest which Romania displays for strengthening ties with all the peoples in the Balkan area.

The increase in volume and territorial diversification of exchanges has coincided with a vigorous structural dynamism of foreign trade, in both Romanian export to the other Balkan countries and our imports from this area. Besides traditional exports that have been features of exchanges for a very long time, as all Balkan countries have been developing industrially and as mineral and organic resources in these countries have been included in the circuit of economic utilization, appearing and playing a big part in foreign trade have been goods produced in economic facilities built in the last 20-30 years. Presently, along with products of

Table 3. Geographical Distribution of Romania's Foreign Trade With Balkan Countries

Tabelul nr. 3		
Repartiția geografică a comerțului exterior al României cu țările balcanice		
1)	Ponderea țărilor balcanice în :	
	1960	1970
Albania	6,4	3,4
Bulgaria	42,7	34,8
Grecia	14,3	18,6
Jugoslavia	30,6	36,8
Turcia	6,0	6,4
Total	100,0	100,0
		100,0

Key:

1. Input of Balkan countries in:

the iron and steel and nonferrous metallurgical industry and farm foodstuff industry, figuring in the lists of Romania's trade with the other Balkan countries are most diversified machines and installations for investment projects, chemicals and pharmaceuticals, garments, leather items and footwear.

It can be stated that never has the gamut of items exchanged between peoples in the Balkan area been richer and ampler. The practice of exchanges between Balkan countries, between national economies that are close not only because of their geographical locations but also because of their historical genesis and relative level of economic development highlights the fact that capitalization on the advantages of the international division of labor primarily involves taking into consideration the needs and availabilities of neighboring countries.

The increase in the volume of industrial products within the framework of Romania's international exchanges in the context of effectuating a value-balanced foreign trade in relations with each partner country involves an outstanding facet of our present and future trade policy, which focuses on our country's proper integration into the world economic setup according to its industrial potential and on the overall rise in the advantages that result from the international interchange of assets. The promotion of this policy in the relationship with the other Balkan countries in both export and import is instrumental in expanding the industry-industry type international division of labor, in enhancing specialization and cooperation among these countries, favorably impacting the process of economic development of the countries in this area.

Moreover, not only trade relations are expanding and diversifying but also bilateral and multilateral international collaboration and cooperation in the fields of production, of prospecting and utilization of mineral resources, of research and development, in transportation and telecommunications, in commerce and financial and banking relations, culture, education and sports activity.

Regardless of the specific form of realization, international collaboration or cooperation involves concerted effort, over a period of several years, based on agreements between partners to achieve a goal with mutual benefits. The multitude of cooperation projects completed or under way of being completed by Romanian companies

with firms in the other Balkan countries attest the qualitative standard of relationships with these countries and their common concern to seek new avenues and methods for expanding mutually advantageous interchange.

To dwell only on the economic cooperation between Romania and the other Balkan countries, we recall, as an example, the successful development of cooperation and specialization in production in the key branches of industry, in the area of overall mechanization and promotion of use of modern agrotechnical advances in agriculture.

Another form of international cooperation involves joint completion of projects that are of major importance to the economies of the countries in this area. The Iron Gates Power and Navigation System (I), built jointly by Romania and Yugoslavia, which for more than a decade has been supplying the national power systems of the two countries, is only one example to which must be added many similar projects: the refineries and cement facilities completed in Albania, the Pancevo refinery (Yugoslavia), the Central Anatolia refinery (Turkey), the new power and navigation systems on the Danube being built jointly with Bulgaria (Turnu Magurele-Nikopol) or with Yugoslavia (Iron Gates II), the Romanian-Bulgarian company for the production of heavy machinery and equipment (Giurgiu-Russe), and so forth.

Joint economic cooperation and marketing companies have been created with Bulgaria ("Dunarea"), with Yugoslavia, with Greece ("Terhellas" and "Elpex"). Of course, the examples, areas and forms of cooperation between Romania and the other Balkan countries are far more numerous than those listed above. However, it must be emphasized that cooperation projects can be amply expanded on the basis of the good results that are obtained and by the enhancing steps agreed upon under the high-level dialog between Romania and the other Balkan countries. The joint statements and the trade and cooperation agreements concluded provide these relationships with a sound basis and the prospect of fruitful continuity.

The development of collaborative and cooperative relations among Balkan countries helps, on the one hand, to make better use of the potentialities of our countries, and on the other hand, to promote mutual understanding and friendship among our peoples.

Proceeding from these concepts of major importance on the domestic and international scenes, the Decision of the plenary session of the CC of the RCP on our party and state foreign policy states: "Our country will resolutely work for the promotion of relations among Balkan countries, for turning the Balkan area into an area of trust and cooperation, a denuclearized area -- as an integral part of a Europe free of nuclear weapons, as a contribution to the cause of peace and cooperation in the world." **

** SCINTEIA, No 12321/3 April 1982

FOOTNOTES

1. See: "Dezarmarea si Noua Ordine Economica Internationala" [Disarmament and the New International Economic Order], Ed. Politica, Bucharest, 1978, pp 64-68.
2. Document A/Res/2.129/XX.
3. SCINTEIA No 12347/5 May 1982.

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